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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
26 December 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Soviet Grain Imports Apparently Dictated  
by Depletion of State Reserves

SUMMARY

Information [redacted]

[redacted] suggests that Soviet state grain reserves--the stocks held for use as a buffer against any eventuality--may have dropped as low as 7 to 11 million tons. With wheat production down some 15 million tons from 1962's mediocre harvest, a reserve of this size is clearly inadequate for possible emergencies. The Kremlin leadership apparently did not become aware of the extent and implications of the grain crisis until mid-August, some months after the Soviets had begun hinting that they would like to tone down the cold war a bit. If these earlier hints were prompted--as we had assumed--by economic difficulties, then realization that the grain shortage was really acute may have made this new tack in Soviet policy even more urgent.

1. There are several pieces of evidence which indicate that the Soviet leaders did not realize until mid-August how serious the grain situation had become. During the visit of Secretary of Agriculture Freeman to the Soviet Union in late July, Soviet officials showed no signs of deep concern over the 1963 crop, nor did they give any hint that huge imports of wheat would be required. On 5 August, Khrushchev, [redacted]

[redacted] called the harvest "not a good one" but then modified his remarks to say that it might be "slightly more or slightly less than in 1962" (which we believe was a mediocre but not a bad harvest). Sometime after the middle of August

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the USSR concluded an agreement with Canada for the purchase of 300,000 tons of wheat, an amount consistent with earlier sales under a three-year agreement. Then around the end of August the Soviets quite unexpectedly reopened these discussions and bought more than 6 million tons. These developments, and the fact that Khrushchev would surely have participated in making a decision of this importance, suggests that the decision was made between 17 and 20 August, the period Khrushchev spent in Moscow between his Black Sea vacation and his trip to Yugoslavia. A deputy chairman of the State Committee for Peaceful Uses of Atomic Energy has described a "central committee" session presided over by Khrushchev which could only have taken place during this period. [redacted]

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*the Soviet definition of one years reserve*

2. During a visit to Iran in November of this year, L. Brezhnev, the Soviet president, stated that a decision had been made to buy wheat abroad rather than to lower reserves. He described these reserves as being ample for one or two years. In making this statement it is likely that Brezhnev put the best face possible on the situation, in which case we might estimate these stocks as equivalent to no more than 18 months' reserve. Using this basis and applying what information we have on annual reserve quantities, we judge that Soviet grain reserves are probably no more than between 7 and 11 million tons. In fact, Mikoyan, in Washington for President Kennedy's funeral, stated there was almost no grain in stock and that it was necessary to buy 4-5 million tons from the US provided proper shipping rates could be arranged.

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3. The Soviet leaders probably seriously considered withdrawals from state grain reserves as one solution to their problem. However, when they finally realized the full extent of the grain crisis they knew (provided the foregoing calculations are approximately correct) that even by wiping out reserves completely they might not be able to provide adequate supplies.

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4. This realization presumably sparked the unprecedented purchases this fall of nearly 10 million tons of wheat and flour and the request to Rumania for a loan of 400,000 tons of wheat. The total amount bought and borrowed to date is approximately equal to and may exceed Soviet state grain reserves as estimated from the limited information above.

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